



**CITY OF RYE, NEW YORK
FINANCE COMMITTEE MEETING NOTES
October 4, 2004 – 7:30 p.m. – Employees’ Lounge, City Hall**

Present: Michael Caponiti, Fred Dunn, Norm MacMaster, Jono Peters, and Sal Samperi, City staff liaison Michael Genito.

Absent: David Mullane, George Pratt, and City Council liaison Franklin Chu.

Guests: None

Continued Discussion Regarding the Concept of a Real Estate Transfer Tax

The Committee continued its discussion concerning the concept of a real estate transfer tax or fee. Michael Genito reported that Peter Baynes, Deputy Director of the New York Conference of Mayors (NYCOM), responded to a request for information on this subject as follows:

“The City cannot do it [a real estate transfer tax or fee] on its own. You need statutory authority from the state. Besides NYC, the only other instances of a municipality being given the right to impose a real estate transfer tax are cited below from the NYS Tax Law and I believe in all cases the use of the revenue is limited by the statutory authority. TAX LAW: Article 31-A - (Secs. 1424 - 1436) TAX ON REAL PROPERTY TRANSFERS FOR TRANSPORTATION ASSISTANCE; Article 31-B - (1440 - 1448-F) TAX ON REAL ESTATE TRANSFERS IN THE TOWN OF BROOKHAVEN Repeal Date: 12/31/2025; Article 31-C - (1449-F - 1449-T) TAX ON REAL ESTATE TRANSFERS IN THE COUNTY OF BROOME; Article 31-D - (1449-AA - 1449-OO) TAX ON REAL ESTATE TRANSFERS IN TOWNS IN THE PECONIC BAY REGION Repeal Date: 12/31/2020; Article 31-E - (1449-AAA - 1449-OOO) TAX ON REAL ESTATE TRANSFERS IN THE COUNTY OF NASSAU”

On September 14, 2004 (the day the above response was received from NYCOM), Michael Genito forwarded a copy by e-mail to the Committee and to the City’s Corporation Counsel as follows, but to date no response from Corporation Counsel had been received:

“Below is the response from Peter Baynes of NYCOM concerning the possibility of adopting a Real Estate Transfer Fee. This is being forwarded to Kevin Plunkett, our Corporation Counsel to determine 1) Can we somehow impose real estate transfer fee that is not a tax, and, 2) If the only way to do it is to impose a

tax, what is the process and what are the typical limitations on the use of the proceeds?”

Michael Genito forwarded e-mail to the Committee that same day, advising that in fiscal 2003 there were 203 residential home sales with a total sales value of \$238,252,666, the average home sale value being \$1,173,658 and the median home sale value being \$930,000.

Sal Samperi noted that Stony Brook and other New York communities in the Long Island area have such a tax. Jono Peters added that many communities in Massachusetts have such a tax and the funds are dedicated to the purchasing of land for preservation.

The Committee agreed that the concept of a City real estate transfer tax should continue to be pursued and presented to the City Council through the City Manager's office. Issues related to such a tax would be legality, restrictions (if any) on the use of the revenues, tax rate structure, application (financing, refinancing, sales not involving financing, etc.), program administration and management requirements (reporting and collection of tax due), etc.

Michael Genito will contact Corporation Counsel for a response to the earlier request and will further research where such a tax currently exists in New York State communities.

Metered Parking

The Committee asked Michael Genito to report back to the Committee on the status of the City's initiative to purchase and install multi-space parking meters. The Committee agreed that revenues from metered parking could be substantial, helping to reduce the burden on the taxpayer and to fund future capital improvements to parking.

Occupancy Tax

The Committee asked for an update on the status of the City's Occupancy Tax initiative. Michael Genito reported that the legislation was proposed to the NYS Senate (Bill No. S7737-A, sponsored by Senator Susan Oppenheimer) and referred to the Rules Committee on June 2, 2004, amended and recommitted to the Rules Committee on June 15, 2004. A companion bill had been submitted to the NYS Assembly (Bill No. A11418, sponsored by the Rules Committee) and was referred to the Ways and Means Committee on June 15, 2004. No other action has been taken to date. Sal Samperi asked Michael Genito to see if the City could encourage the State legislators representing the City to encourage passage of the bill. As noted in earlier Committee meetings, the City is requesting permission to levy a 3% occupancy tax, and each one (1%) percent is estimated to generate approximately \$40,000 to \$50,000.

Amending the Budget Calendar

Norm MacMaster asked that the Committee consider studying the budget calendar. He noted that City Council members, who are not budget administrators on a full-time basis, have little more than five weeks before adoption to study and amend the City's budget. He proposed that perhaps instead of just before November 7, the City Council receive a tentative budget no later than October 1.

Much discussion ensued, centering on the various issues, advantages, and disadvantages that arise if a budget is presented too early. In addition to any political issues (a budget issued prior to, instead of just after, election), there are issues as to how complete the information would be, the ability of departments to prepare budgets in the spring and summer when there is a high level of activity (recreation, public works, etc.), the ability of the finance department to compile, prepare and publish a tentative budget (and respond to the various inquiries that are sure to arise), etc.

The Committee agreed that considering the advantages and disadvantages of changes to the budget calendar is a worthy project, and asked Michael Genito to prepare an outline of how such a calendar might work and the issues related to making such a change.

Next Finance Committee Meeting

The next meeting of the Finance Committee is scheduled for Monday, November 8, 2004 at 7:30 p.m. in the Employees' Lounge of City Hall.

Adjournment

Having no further business, the meeting adjourned at 9:00 p.m.

Respectfully submitted,

Michael A. Genito